

C O P Y

Se

CL85/L4-3(410182)

January 22, 1941

Sirs:

By letter of January 18, 1940, (No. CL84/L4-3(401216)), the Secretary of the Navy authorized changes in contract Nod-1497 of September 9, 1940, whereby the number of Light Cruisers to be constructed under this contract was decreased from five to three, Light Cruisers Nos. 84 and 88 being cancelled.

In order to bring the Supplemental Contract Nod-1538 into conformity with the above changes, the Secretary of the Navy hereby authorizes the following change in this Supplemental Contract:

Page 1:

In the second paragraph on this page, fifth typewritten line, delete the words and figures "Nos. CL84 to 88, inclusive" and substitute therefor the words and figures "Nos. CL85 to 87, inclusive."

It is requested that receipt of this letter be acknowledged.

Respectfully,

/s/ James Forrestal,  
Acting Secretary of the Navy

Federal Shipbuilding and Dry Dock Company  
Kearny, New Jersey

CC: BuShips  
BuS&A  
Comp. Ed.  
SupShip, Kearny  
G.A.O. (Audit Div.)



the contractor shall be unable to comply with such express condition, the Secretary of the Navy may waive such condition or take such other action as he may deem proper under the circumstances.

ART. 8. The contractor is hereby granted the exclusive right, until the completion of the construction of such vessels or until a determination is made by the Secretary of the Navy that the Facilities are no longer necessary for the National Defense, whichever shall be the last, to operate the Facilities as a part of the plant of the contractor without compensation for its services except as provided for herein or by other agreement. During said period in which the contractor shall operate the Facilities, the contractor will, at its own expense, keep them insured against damage and provide all reasonable protection and maintain them in good working order and condition, ordinary wear and tear excepted: *Provided, however,* That the foregoing provision shall not prevent the contractor from apportioning such expense as a part of the cost of performing other work at its said plant. The contractor shall, during the period of the construction of such vessels and during the national emergency declared by the President of the United States on September 8, 1939, to exist, give priority in the use of these Facilities for Department work on National Defense.

Operation, maintenance, and protection.

ART. 9. (a) This contract or any part thereof may at any time be suspended or cancelled by the Secretary of the Navy, with the effect as hereinafter prescribed.

Suspension and cancellation.

(b) In case the construction and installation of the Facilities are suspended the contractor, upon receipt of written notice of such suspension, shall promptly stop all work in connection therewith, except as otherwise directed by the Secretary of the Navy and, during the period of such suspension, shall care for the Facilities and all materials and equipment on hand for the construction thereof. It shall also promptly furnish to the Secretary of the Navy copies of all outstanding orders for materials, equipment, and services and shall take such action relative to such orders as may be directed by the Secretary of the Navy. If such construction and installation is thus suspended, the contractor will be entitled to be reimbursed for all additional expense as determined by the Compensation Board incurred by reason of such suspension; this additional expense shall include (1) the cost of any special work directed by the Secretary of the Navy that would not have been necessary had the construction of the Facilities not been suspended; (2) the cost of care and preservation of the Facilities, materials, and equipment during the period of suspension; (3) any additional payments for which the contractor is liable by reason of the suspension or cancellation of orders for material or work that may be directed by the Secretary of the Navy; (4) the increased cost, if any, due to the resumption of work after its suspension; (5) any other reasonable expense the contractor shall have incurred on account of the suspension.

(c) In case this contract is cancelled by the Secretary of the Navy, the contractor, upon receipt of written notice of such cancellation, shall immediately stop all work in connection with the construction of the Facilities provided for hereunder, except as otherwise directed by the Secretary of the Navy. If this contract is thus cancelled, the contractor will be entitled to payment for all work done to the date of receipt of notice of cancellation and to reimbursement for all additional expense, as determined by the Compensation Board, incurred by reason of such cancellation; this additional expense shall include: (1) The cost of any work directed by the Secretary of the Navy that would not have been necessary had this contract not been thus cancelled; (2) The cost of care and preservation of the Facilities, materials, and equipment prior to removal or other disposition thereof as directed by the Secretary of the Navy; (3) Any other reasonable expense including subcontractors' cancellation charges and reasonable compensation for the use of the property of the contractor occupied or required by the Facilities, materials, and equipment until final disposition thereof, as determined by the aforesaid Board.

Cancellation.

(d) The increased compensation to which the contractor will be entitled by reason of the suspension or cancellation will be determined by the Compensation Board. As soon as practicable after the suspension or cancellation is ordered, the Board shall determine the amount to be allowed the contractor. The amounts so determined, when approved by the Secretary of the Navy, shall be the amounts to which the contractor will be entitled in full settlement of the costs of such suspension or cancellation.

Compensation on suspension or cancellation.

(e) If there shall be an interval of time between the completion of the construction of such vessels and final disposition of the Facilities, the Department shall enter into an agreement with the contractor to provide for the preservation, maintenance, and protection of the Facilities.

Maintenance agreement.

ART. 10. The contractor hereby grants to the Department an option, to be exercised within a period not to exceed ninety (90) days after the date of the preliminary acceptance of the last of such vessels or after the cancellation of the contracts therefor, to require the contractor to maintain and preserve the Facilities covered by this contract in such state of repair as to insure full availability and usefulness for national defense purposes at any and all times during a period of not to exceed five (5) years after the exercise of such option: *Provided,* That payment of the cost of the maintenance and preservation thereof and of other related expenses shall be provided for by a subsequent agreement: *And provided further,* That during such 90-day period the Department shall have full access to such Facilities for the necessary protection of the Department's interest therein.

Preservation of facilities for National Defense.

ART. 11. (a) Upon the determination by the Secretary of the Navy that the Facilities are no longer necessary for the purpose of the National Defense, or (b), upon the expiration of such option if the Department shall not exercise the 90-day option in Article 10 hereof, or (c), if the Department shall exercise such option, upon the expiration of the period during which the contractor shall have been obligated to maintain and preserve the Facilities covered by this contract, whichever shall first occur, the Compensation Board of the Navy Department will determine the fair value of the Facilities and make a final inventory thereof. For the purposes of this Article, the Facilities shall be classified as follows: (1) those Facilities which are readily removable and (2) those Facilities which are not readily removable. The Department will furnish the contractor with copies of the appraisal. If it is mutually agreed that the contractor purchase the Facilities or any part thereof, it shall pay to the Department an amount agreed upon under such terms and conditions as shall be prescribed by the Secretary of the Navy; but if such an agreement cannot be reached, the Department may, and, if required by the contractor to do so, shall, thereupon enter the plant of the contractor and demolish or remove any

Final disposition of Facilities.



Facilities, and the contractor shall be held responsible for the maintenance of the same. The contractor shall be held responsible for the maintenance of the same. The contractor shall be held responsible for the maintenance of the same.

ART. 12. The contractor shall hold and save the Department, its officers, agents, servants, and employees harmless from liability of any nature or kind, including costs and expenses, for or on account of the use or manufacture of any patented or unpatented invention, article, or appliance manufactured or used in the performance of this contract, including their use by or for the Government after installation: *Provided, however*, That this requirement shall not be construed to extend to anything supplied by the Department.

ART. 13. (a) During the continuance of the national emergency declared by the President of the United States on September 8, 1939, to exist, but not later than June 30, 1942, unless otherwise provided for by law, the provisions of the law prohibiting more than 8 hours' labor in any one day of persons engaged upon work covered by this contract shall, in accordance with the Act approved June 28, 1940 (Public No. 671, 76th Cong., 3d sess.), be suspended.

(b) The provisions of Section 303 of the "Second Supplemental National Defense Appropriation Act, 1941," approved September 9, 1940 (Public No. 781, 76th Cong., 3d sess.), is applicable to this contract.

ART. 14. Neither the contractor nor any subcontractor hereunder shall employ upon the work covered by this contract any person undergoing sentence of imprisonment at hard labor.

ART. 15. (a) The contractor will report monthly, and will, by agreement, require its subcontractors to report in like manner, within 5 days after the close of each calendar month, on forms to be furnished by the United States Department of Labor, (1) the number of persons on their respective pay rolls, (2) the aggregate amount of such pay rolls, (3) the man-hours worked, and (4) the total expenditures for materials. The contractor shall, at the earliest date practicable, furnish to the Department of Labor the names and addresses of all subcontractors on the work: *Provided, however*, That the requirements of this paragraph shall be applicable only to work done at the site of the construction project.

(b) Pursuant to the provisions of the Act approved June 13, 1934 (40 U. S. C. 276 (b) and (c)), concerning rates of pay for labor, the Secretary of the Treasury and the Secretary of the Interior hereby jointly promulgate the following regulations (amended March 29, 1937):

SECTION 1. Said act reads as follows:

"To effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that whoever shall induce any person employed in the construction, prosecution, or completion of any public building, public work, or building or work financed in whole or in part by loans or grants from the United States, or in the repair thereof, to give up any part of the compensation to which he is entitled under his contract of employment, by force, intimidation, threat of procuring dismissal from such employment, or by any other manner whatsoever, shall be fined not more than \$5,000, or imprisoned not more than five years, or both.

"SEC. 2. To aid in the enforcement of the above section, the Secretary of the Treasury and the Secretary of the Interior jointly shall make reasonable regulations for contractors or subcontractors on any such building or work, including a provision that each contractor and subcontractor shall furnish weekly a sworn affidavit with respect to the wages paid each employee during the preceding week."

SEC. 2. Each contractor and subcontractor engaged in the construction, prosecution, or completion of any building or work of the United States, or of any building or work financed in whole or in part by loans or grants from the United States, or in the repair thereof, shall furnish each week an affidavit with respect to the wages paid each employee during the preceding week. Said affidavit shall be in the following form:

STATE OF \_\_\_\_\_  
County of \_\_\_\_\_, ss.:  
I, \_\_\_\_\_ (name of party signing affidavit) (title)  
hereby certify that I am (the employee of) \_\_\_\_\_ (name of contractor or subcontractor)  
who supervised the payment of the employees of said contractor (subcontractor): That the attached pay roll is a true and accurate report of the full weekly wages due and paid to each person employed by the said contractor (subcontractor) for the construction of \_\_\_\_\_ (project), for the weekly pay-roll period from the \_\_\_\_\_ day of \_\_\_\_\_, 194\_\_\_\_, to the \_\_\_\_\_ day of \_\_\_\_\_, 194\_\_\_\_; that no rebates or reductions from any wages due any such person as set out on the attached pay roll have been directly or indirectly made; and that, to the best of my knowledge and belief, there exists no agreement or understanding with any person employed on the project, or any person whatsoever, pursuant to which it is contemplated that I or anyone else shall, directly or indirectly, by force, intimidation, threat, or otherwise, induce or receive any deductions or rebates in any manner whatsoever from any sum paid or to be paid to any person at any time for labor performed or to be performed under the contract for the above-named project.

Sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 194\_\_\_\_.  
SEC. 3. Said affidavit shall be executed and sworn to by the officer or employee of the contractor or subcontractor who supervises the payment of its employees.

Said affidavit shall be delivered, within 7 days after the payment of the pay roll to which it is attached, to the Government representative in charge at the site of the particular project in respect of which it is furnished, who shall forward the same promptly to the Federal agency having control of such project. If no Government representative is in charge at the site, such affidavit shall be mailed within such 7-day period to the Federal Agency having control of the project.

SEC. 4. At the time upon which the first affidavit with respect to the wages paid to employees is required to be filed by a contractor or subcontractor pursuant to the requirements of these regulations, there shall also be filed in the manner required by section 3 hereof a statement under oath by the contractor or subcontractor, setting forth the name of its officer or employee who supervises the payment of employees, and that such officer or employee is in a position to have full knowledge of the facts set forth in the form of affidavit required by section 2 hereof. A similar affidavit shall be immediately filed in the event of a change in the officer or employee who supervises the payment of employees. In the event that the contractor or subcontractor is a corporation, such affidavit shall be executed by its president or a vice president. In the event that the contractor or subcontractor is a partnership, such affidavit shall be executed by a partner of the firm.

(c) This contract is subject to the provisions of the Act of June 27, 1938 (40 U. S. C. 296), entitled "An Act to provide more adequate protection of workers on projects, buildings, constructions, improvements, and projects financed in whole or in part by loans or grants from the United States of America, by granting to the several States and the District of Columbia authority to apply their own workmen's compensation laws on all projects and buildings financed by the United States of America."

The foregoing is a true and correct copy of the original contract, and the same is hereby certified to be a true and correct copy of the original contract, and the same is hereby certified to be a true and correct copy of the original contract.



are applicable to this contract, and the representations and stipulations herein set forth. Unless the President of the United States shall, in accordance with the Act approved June 28, 1940 (Public, No. 671, 76th Cong., 3d sess.), suspend any or all of the representations and stipulations of Section 1 of the aforesaid Act.

(e) It is understood and agreed that the contract will be performed subject to the representations and stipulations of the Act approved June 30, 1936 (41 U. S. C. 35), and regulations issued by the Secretary of Labor pursuant thereto as follows:

(1) The contractor is the manufacturer of or a regular dealer in the materials, supplies, articles, or equipment to be manufactured or used in the performance of the contract;

(2) All persons employed by the contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract will be paid, without subsequent deduction or rebate on any account, not less than the minimum wages as determined by the Secretary of Labor to be the prevailing minimum wages for persons employed on similar work or in the particular or similar industries or groups of industries currently operating in the locality in which the materials, supplies, articles, or equipment are to be manufactured or furnished under said contract: *Provided, however,* That this stipulation with respect to minimum wages shall apply only to purchases or contracts relating to such industries as have been the subject matter of a determination by the Secretary of Labor;

(3) No person employed by the contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract shall be permitted to work in excess of 8 hours in any one day or in excess of 40 hours in any one week, unless such person is paid such applicable overtime rate as has been set by the Secretary of Labor;

(4) No male person under 16 years of age and no female person under 18 years of age and no convict labor will be employed by the contractor in the manufacture or production or furnishing of any of the materials, supplies, articles, or equipment included in such contract; and

(5) No part of the contract will be performed nor will any of the materials, supplies, articles, or equipment to be manufactured or furnished under said contract be manufactured or fabricated in any plants, factories, buildings, or surroundings or under working conditions which are unsanitary or hazardous or dangerous to the health and safety of employees engaged in the performance of said contract. Compliance with the safety, sanitary, and factory inspection laws of the State in which the work or part thereof is to be performed shall be prima facie evidence of compliance with this subsection.

Any breach or violation of any of the foregoing representations and stipulations shall render the party responsible therefor liable to the United States of America for liquidated damages, in addition to damages for any other breach of the contract, in the sum of \$10 per day for each male person under 16 years of age or each female person under 18 years of age, or each convict laborer knowingly employed in the performance of such contract, and a sum equal to the amount of any deductions, rebates, refunds, or underpayment of wages due to any employee engaged in the performance of such contract; and, in addition, the agency of the United States entering into such contract shall have the right to cancel same and to make open-market purchases or enter into other contracts for the completion of the original contract, charging any additional cost to the original contractor. Any sums of money due to the United States of America by reason of any violation of any of the representations and stipulations of said contract as set forth herein may be withheld from any amounts due on such contract or may be recovered in a suit brought in the name of the United States of America by the Attorney General thereof. All sums withheld or recovered as deductions, rebates, refunds, or underpayment of wages shall be held in a special deposit account and shall be paid, on order of the Secretary of Labor, directly to the employees who have been paid less than minimum rates of pay as set forth in such contracts and on whose account such sums were withheld or recovered; *Provided,* That no claims by employees for such payments shall be entertained unless made within 1 year from the date of actual notice to the contractor of the withholding or recovery of such sums by the United States of America.

The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

The foregoing stipulations shall be deemed inoperative if the contract is for a definite amount not in excess of \$10,000.

Until otherwise set by the Secretary of Labor, the rate of pay for any overtime performed under the conditions of stipulation (3) shall be one and one-half times the basic hourly rate or piece rate received by the employee. Overtime in any one week or part thereof an employee is engaged in work covered by the contract stipulations, shall be computed after 8 hours in any one day or after 40 hours in any one week during which no single daily total of employment may be in excess of 8 hours without payment of the overtime rate.

The stipulations affecting employees shall be deemed applicable only to employees engaged in or connected with the manufacture, fabrication, assembling, handling, supervision, or shipment of materials, supplies, articles, or equipment required under this contract and shall not be deemed applicable to office or custodial employees.

The contractor subject to the representations and stipulations embodied herein shall maintain the following records of employment which shall be available for the inspection and transcription of authorized representatives of the Secretary of Labor:

- (a) Name, address, sex, and occupation of each employee covered by the contract stipulations.
- (b) Date of birth of each such employee under 21 years of age.
- (c) Wage and hour records for each such employee including the rate of wages and the amount paid each pay period, the hours worked each day and each week, and the period during which each such employee was engaged on a Government contract with the number of such contract. Compliance with this subsection shall be deemed complete if wage and hour records for all employees in the plant are maintained during the period between the award of any Government contract and the date of delivery of the materials, supplies, articles, or equipment: *Provided,* That where no separate records for employees engaged on Government contracts are maintained, it shall be presumed until affirmative proof is present to the contrary that all employees in the plant, from the date of award of any such contract until the date of delivery of the materials, supplies, articles, or equipment, were engaged on such Government contract.

ART. 16. In the performance of the work covered by the contract the contractor, subcontractors, material men, or suppliers shall use only such unmanufactured articles, materials, and supplies, as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States; the foregoing provision shall not apply to such articles, materials, or supplies of the class or kind to be used or such articles, materials, or supplies from which they are manufactured, as are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality, or to such articles, materials, or supplies as may be excepted by the head of the Department under the proviso of Title III, section 3, of the Act of Congress approved March 3, 1933 (41 U. S. C. 10).

ART. 17. This contract shall not, nor shall any interest therein, be transferred by the contractor to any other person or persons.

ART. 18. The contractor warrants that he has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Department the right to terminate the contract, or, in its discretion, to deduct from the contract price or consideration the amount of such commission, percentage, brokerage, or contingent fees. This warranty shall not apply to commissions payable by contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

Representations and stipulations pursuant to the Walsh-Healey Act.

Domestic preference.

Not transferable.

Contract against contingent fees.



## Discussion

Changes in contracts:

ART. 21. The following changes were made in this contract before it was signed by the parties thereto:

/s/ W. B. Woodson

*Judge Advocate General.*

THE UNITED STATES OF AMERICA  
By /s/ James Forrestal  
Acting Secretary of the Navy

Federal Shipbuilding & Dry Dock Co.,  
Contractor

By /s/ L. H. Korndorff  
President

Two witnesses:

/s/ H. C. Hansen

.../s/...E...C...Ever

I, E. J. McWilliams, certify that I am the Asst. Sec'y of the corporation named as contractor herein; that L. E. Korndorff who signed this contract on behalf of the contractor was then President of said corporation; that this contract was duly signed for and in behalf of said corporation by a majority of its governing body and is within the scope of its corporate powers.

F. J. McWilliams



# ASSENT OF SURETIES

the undersigned, as sureties for the contractor on the performance and the payment under the contract(s) (hereinafter called the ship-construction contract(s)); for the construction of the vessel/vessels referred to in the supplemental contract to which this assent is hereby consent to the amendments and additions covered by the said supplemental contract and hereby expressly agree that our bonds previously executed guaranteeing the performance of the ship-construction contract(s) and the payment to all persons supplying labor material in the prosecution of the work as provided in the ship-construction contract(s) remain in full force and effect notwithstanding the amendments thereto and the additional bonds assumed under the said supplemental contract, and such bonds are hereby expressly assent to cover all such amendments and additional obligations assumed thereunder.

Witness:

Geo. K. Leet  
Secretary  
J. Kepler

UNITED STATES STEEL CORPORATION

/s/ G. L. Edwards  
Treasurer Surety.

/s/ Mary M. Page

/s/ Raymond S. Page  
Surety.

Surety.

Surety.

Surety.

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Surety.

NAVY DEPARTMENT  
APPROVED

/s/ W. B. WOODSON  
Judge Advocate General  
of the Navy

Witness that I, J. B. [illegible]  
[illegible] was then President, and  
acted in behalf of said corporation  
corporate powers  
J. B. [illegible]